

13 December 2011**CLP Announces 2012 Tariff************Average Net Tariff to Rise by 9.2 %****Tariff Adjustment necessary to support the Government's more stringent emissions targets**

CLP Power Hong Kong Limited (CLP) today announced that the Company is increasing its tariff in response to unprecedented cost pressures after a long period of relatively stable prices. From 1 January 2012, the average Basic Tariff will be increased by 5 cents while the Fuel Clause Charge will rise by 3.7 cents. As a result, the Average Net Tariff will be adjusted to 102.8 cents per unit of electricity, up 9.2% from the current level (Annex).

These rises are needed to meet the increasingly stringent Government emissions regulations to support Hong Kong's drive for better air quality, with the need to invest in emissions control facilities and new infrastructure to use much more natural gas for power generation.

CLP understands that the tariff increase will be of real concern to its customers and so the Company will introduce changes in its tariff structure which will give smaller increases for low consumption users and encourage energy saving.

CLP will reduce the Basic Tariff for the first 400 units of electricity consumption per bill for all 2 million residential customers. For the 700,000 customers who stay within this first block, it is expected that they would only pay an additional \$4 or less per month.

After the tariff structure changes, customers who consume less electricity will see a lower impact:

- 50% of residential customers (with electricity consumption of 540 units or below per bill) are expected to experience a monthly tariff increase of less than \$10
- 50% of business customers (with electricity consumption of 540 units or below per month) are expected to experience a monthly tariff increase of less than \$50

“The need to meet the stringent environmental targets set by the Government for better air quality has put CLP under unprecedented cost pressure. We have reached a turning point that our low tariff base can no longer be maintained and a significant increase is necessary,” said Richard Lancaster, Managing Director of CLP Power.

CLP has to meet the emissions targets introduced last year, which has meant the Company has had to build new emissions control facilities at our Castle Peak Power Station at a significant cost. To meet the new targets set by the Government for 2015, CLP has to reduce its emissions by a further 45%, which will mean it has to import much more gas from the Mainland. This will cost two to three times more per unit than its current supplies, which were contracted around 20 years ago. This work is in addition to ongoing investment needed to maintain supply reliability and support major infrastructure projects to sustain social and economic development in Hong Kong.

“We fully understand that the rise in tariffs inevitably places cost pressure on our customers,” Mr Lancaster further stated. “By changing our tariff structure, we will try and minimise the impact on low-consumption customers and encourage energy saving, which can help lower bills.”

All CLP’s residential customers will be able to benefit from a 2 cents reduction in the Basic Tariff for the first block of 400 units of electricity per bill. A new fifth block at a higher unit rate will be added for the largest consumption customers above 2,600 units per bill. This means that the more electricity a household uses, the higher the rate they will pay (Annex).

For business customers, CLP will withdraw the existing Basic Tariff reductions which apply for higher levels of consumption and move to a flat energy rate for each tariff (Annex). CLP is also introducing new services to help its business customers understand and manage their consumption, so as to help keep their bills down.

“CLP will continue to work hard to exercise stringent cost control and enhance operational efficiency to keep costs down while maintaining excellent supply reliability and environmental performance,” Mr Lancaster stressed.

Even with this tariff adjustment, CLP’s 2012 tariff remains highly competitive amongst major metropolitan cities, many of which have seen far larger rises this year.

CLP will inform customers of the tariff details and other associated changes through print advertisements and on its website (www.clponline.com.hk). CLP customers will receive detailed information in the near future. Customers are also welcome to call our CLP Infoline at 2678 2678 for enquiries.

About CLP Power Hong Kong Limited

CLP Power Hong Kong Limited (“CLP Power”) is the Hong Kong utility subsidiary wholly owned by CLP Holdings Limited, a company listed on the Hong Kong Stock Exchange and one of the largest investor-owned power businesses in Asia. CLP Power operates a vertically integrated electricity supply business in Hong Kong, and provides a highly reliable supply of electricity and excellent customer services to 5.7 million people in its supply area.

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Annex

1. 2012 Tariff

Components (¢/u)	Current	Changes	Effective Jan 2012
Average Basic Tariff	80.0	+5.0	85.0
Fuel Clause Charge *	14.1	+3.7	17.8
Average Net Tariff	94.1	+8.7 (+9.2 %)	102.8

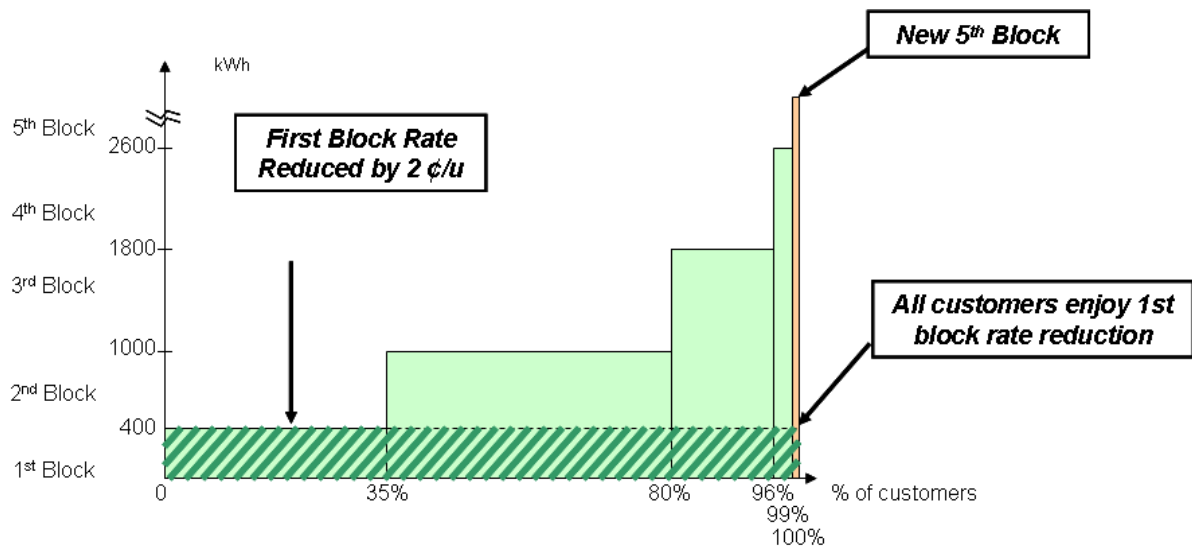
*** Fuel Clause Charge is the cost of fuel used to generate electricity which is directly passed through to customers. CLP makes no profit on fuel.**

2. Tariff Structure Changes (Residential & Business)

Tariff structure changes to lessen the impact on customers who use less energy

2.1 Residential Tariff

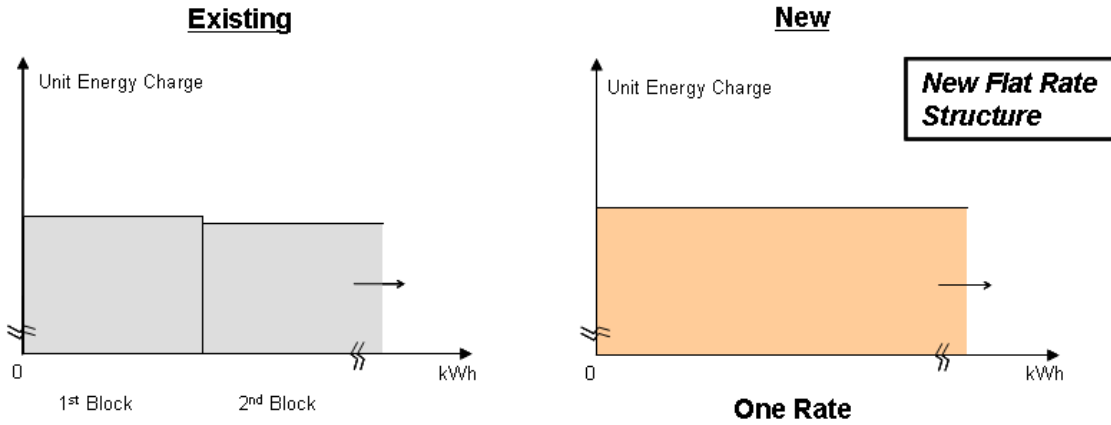
- In 2010, we have 2,039,000 residential customers.
- All our residential customers will be able to benefit from a 2 cents reduction in the Basic Tariff for the first block of 400 units of electricity per bill.
- A new fifth block at a higher unit rate will be added for the largest consumption residential customers with electricity consumption above 2,600 units per bill. With one more block added in the tariff structure, and at more inclining unit rates, we encourage our customers to save energy.



Note: Same Fuel Clause Charge is applicable to all customers

2.2 Business Tariffs

- a. In 2010, we have 308,000 business customers.
- b. We will withdraw the existing Basic Tariff reductions which apply for higher levels of consumption and move to a flat energy rate for each tariff.

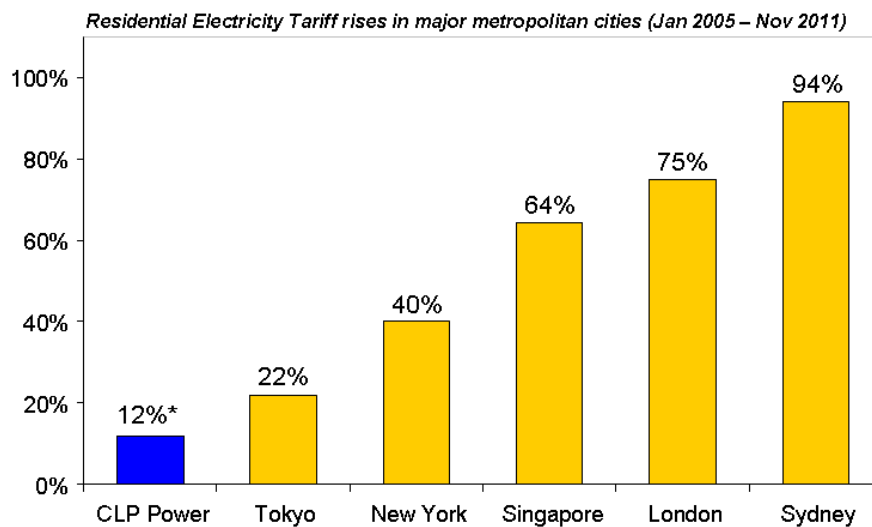


Note: In addition to the same Fuel Clause Charge, which is applicable to all customers, additional Demand Charges are also applicable to Large Power and Bulk tariff business customers.

3. CLP Still Maintains a Competitive Tariff

3.1 Electricity Tariff rises in major metropolitan cities (Jan 2005 – Nov 2011)

Major international metropolitan cities have experienced significant tariff increases ranging from 20% to almost double since 2005. Even with the 2012 adjustment, CLP's tariff level has only increased by 12%.

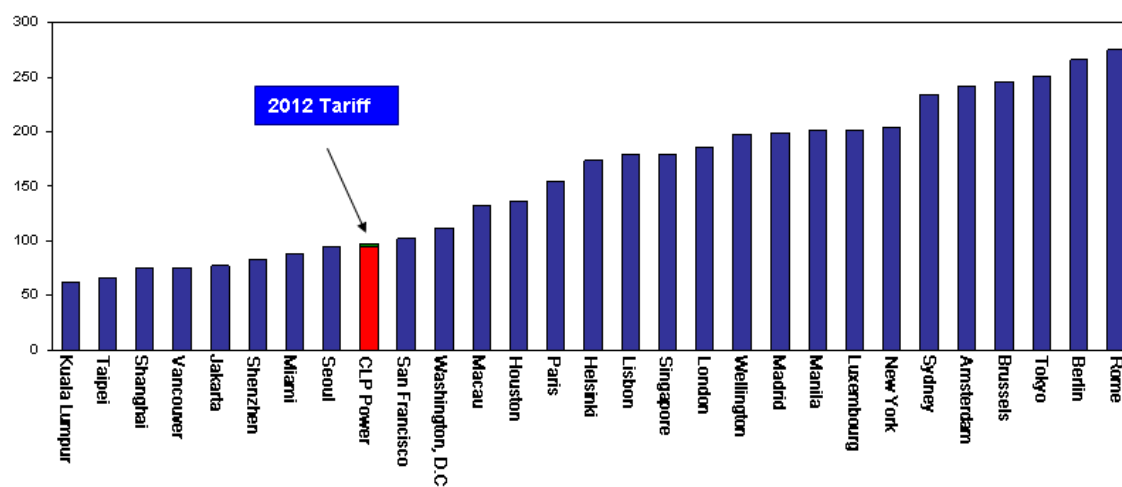


* 2012 adjustment included

Note: Comparison based on annual residential customer consumption of 3,300 kWh using local currency

3.2 CLP's Tariff Compares Favourably to Other World Cities

Residential Tariff (in HK¢ per unit) (as of Nov 2011)



Note: Comparison based on annual residential customer consumption of 3,300 kWh; Tariffs and exchange rates are as of November 2011. Source: Web search

3.3 CLP's Average Basic Tariff over the Past 15 Years

After the 2012 tariff adjustment, CLP's Basic Tariff level is still similar to that of 15 years ago, in 1997.

